

Message Text

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ACTION SS-25

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 3186

C O N F I D E N T I A L SANTIAGO 3131

EXDIS

FOR ASSISTANT SECRETARY ROGERS FROM POPPER

EO 11652: GDS

TAGS: OAS, PFOR, CI

SUBJECT: SECRETARY'S BILATERAL BREAKFAST WITH GOC FONMIN

CARVAJAL MAY 8

1. WHILE I KNOW THE BUREAU WILL HAVE PROVIDED THE SECRETARY WITH THE PAPERS HE NEEDS FOR HIS MEETING WITH FONMIN CARVAJAL MAY 8, THERE ARE SOME LAST-MINUTE POINTS YOU MAY WANT TO BEAR IN MIND IN CONNECTION WITH IT. YOU MIGHT ALSO WISH TO REVIEW SANTIAGO 2803, WHICH CONTAINS SOME THOUGHTS AND QUESTIONS RE CHILEAN-AMERICAN RELATIONS.

2. AS INDICATED IN THAT MESSAGE, THE IMMEDIATE MAJOR PROBLEM IS FINANCIAL. BY MAY 8 WE SHOULD HAVE A BETTER FIX ON THE PROSPECTS FOR SUCCESSFUL RENEGOTIATION OF CHILE'S 1975 OFFICIAL DEBT OBLIGATIONS. THIS IS CRITICALLY IMPORTANT, SINCE WITHOUT RENEGOTIATION WE SEE NO HOPE THAT CHILE CAN AVOID DEFAULT. MOREOVER, EITHER THROUGH FINANCE MINISTER CAUAS OR THROUGH CARVAJAL, CHILEANS WILL PLEADED FOR USG SUPPORT FOR THEIR CURRENT EFFORTS TO OBTAIN \$150 MILLION IN MEDIUM-TERM LOANS FROM US PRIVATE BANKS. WITHOUT THESE FUNDS, CHILE PRESUMABLY CANNOT MAKE ITS 1975 PAYMENTS ON THE EXPROPRIATION SETTLEMENTS REACHED WITH THE AMERICAN COPPER COMPANIES, OPIC AND ITT. THE CHILEANS MAY ALSO ASK FOR ASSISTANCE IN OBTAINING APPROVAL FROM THE IBRD OF THE PENDING \$20 MILLION AGRICULTURE LOAN, IF THIS CONTINUES TO BE DELAYED IN THE BANK FOR

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POLITICAL REASONS. FINALLY, THEY MAY SEEK BILATERAL HELP

FROM US IN THE FORM OF MORE PL 480 WHEAT CCC CREDITS, OR
NEW EXIMBANK LOANS.

3. BECAUSE OF THE URGENCY OF THE FINANCIAL SITUATION, WE
HAVE LATELY BEEN HEARING LESS ABOUT THE EFFECTS OF THE MILITARY
ARMS BAN IMPOSED BY CONGRESS. CHILEANS WILL NEVERTHELESS BE
GRATEFUL IF WE CAN GIVE THEM SOME ENCOURAGEMENT TO EXPECT
EVENTUAL DELIVERY OF ANCILLARY MILITARY EQUIPMENT NOW BLOCKED
IN THE PIPELINE. ON THE POLITICAL FRONT, THEY WILL HOPE FOR
USG SUPPORT IN AVOIDING SUBSTANTIVE ACTION ON THE INTER-
AMERICAN COMMISSION'S HUMAN RIGHTS REPORT, AT THE OASGA.

4. A CRITICAL FACTOR IN ALL OF THIS IS THE ASSURANCE OF
SUFFICIENT RELAXATION OF CHILEAN HUMAN RIGHTS PRACTICES TO
MODERATE THE ANTAGONISM OF CRITICS OF CHILE WHO ARE INTERESTED
IN REAL IMPROVEMENTS RATHER THAN IN DISPLACING THE JUNTA
PER SE. THE NATIONAL SECURITY LAW ANNOUNCED LAST WEEK (BUT
NOT YET IN EFFECT) WILL IF FAITHFULLY IMPLEMENTED AT LEAST
ALLOW FAMILIES TO KNOW THAT MISSING PERSONS HAVE BEEN DETAINED,
AND WILL ENSURE THAT WITHIN FIVE DAYS THEY ARE EITHER
CHARGED, REMANDED OR RELEASED. IT MIGHT BE HELPFUL TO NOTE
IMPORTANCE OF IMPLEMENTATION.

5. THERE IS MUCH MORE THAT COULD AND SHOULD BE DONE. IT
WOULD BE APPROPRIATE TO ASK WHETHER THE CHILEANS WILL FOLLOW
UP IN SANTIAGO ON THE WRITTEN ASSURANCE GIVEN BY THE CHILEAN
EMBASSY IN BONN THAT THE BULK OF POLITICAL PRISONERS WOULD
SOON BE RELEASED IN CHILE, AND PERMITTED TO REMAIN IN COUNTRY
IF THEY COULD NOT BE RESETTLED ABROAD. IF A FORTHRIGHT
ANNOUNCEMENT TO THIS EFFECT WERE MADE IN SANTIAGO, AND THE
RELEASES BEGAN, AND IF THE CHILEAN GOVERNMENT COULD BE SEEN
TO BE MAKING SOME EFFORT TO GET A GRIP ON THE PROBLEM OF
TORTURE, THE UNITED NATIONS HUMAN RIGHTS COMMISSION STUDY
GROUP SCHEDULED TO ARRIVE HERE NEXT MONTH MIGHT PRODUCE
SOMETHING OTHER THAN ANOTHER DEVASTATING REPORT.
POPPER

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